

EDA/EDC Joint Board Meeting Minutes

Thursday, December 12, 2015 – 7:15 a.m. – Granite Tower, 1st Floor

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, ***Big Sky Economic Development*** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

EDA Board Members Present: Richard Schilf, Sheri Nicholson, Jennifer Smith, Scott Chesarek, Lyle Hill, Mitch Goplen, Greg Kohn, Chuck Tooley, Kent Wood, Jani McCall (ex-officio), Terry Bouck (ex-officio), Bill Kennedy (ex-officio)

EDA Board Members Absent: Kevin Gustainis, Cory Moore, John Brewer (ex-officio), Heidi Jensen (ex-officio)

EDC Board Members Present: John Walsh, Duncan Peete, David Trost, Debbie Singer, Dennis Cook, Craig Bartholomew, David Ellis, Doug Hansen, Michael Hotaling, John Hurley, Jani McCall, John Ostlund, Susan Riplett, Eric Simonsen, James Smith, Jim Walker

EDC Board Members Absent: Ty Elkin, Steve Loveless, Wayne Nelson, Jon Pierce

Staff and Guests: Liz Ching, Kathy Boelter, Mike Nelson, Robin Rude, Mark Qualman, Tom Howard, Steve Arveschoug, Jim Tevlin, Brandon Berger, Allison Corbyn, Dianne Lehm, Melanie Schwarz, Dena Johnson and Jeanne Larsen (recording secretary).

Call to Order:

Rich Schilf, EDA Chair, called the meeting to order at 7:30 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Public Comment: Steve Arveschoug welcomed four new board members; Kathy Boelter, Robin Rude, Mike Nelson and Mark Qualman. Steve recognized board chairs, Rich Schilf and John Walsh for their great service over the past year. Steve recognized the Board Members leaving the board, John Hurley, Rich Schilf, Jon Pierce, Greg Kohn, Jim Walker and Susan Riplett.

Agenda Changes: SBDC contract discussion will be added to the Agenda.

Consent Agenda:

Approval of November 2015 EDA EDC Joint Board Minutes

Motion: Eric Simonsen, to approve the November 2015 EDA/EDC Joint Board Minutes as presented to the Board.

Second: Dennis Cook

Discussion: None

Motion Carried

EDA/EDC October 2015 Financials – Jim Tevlin

Jim stated the EDA and EDC financials are tracking where we need to go so far this fiscal year. Our revenues are coming where they need to be.

Motion: Jim Walker – to approve the EDA/EDC October 2015 Financials as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion Carried

FY 2015 Audit – Jim Tevlin

Jim stated the audit has been delayed due to an adoption of a new procedure regarding our liability for pension plans. This has zero cash effect to our financials. The audits are complete and there were no findings. The audit will be presented to the Board for approval at the January 2016 Board Meeting.

➤ Program Director Report/ Consideration

Loan Approval– Brandon Berger

- Loan Approval

There are two SBA 504 Loan requests and one MT SSBCI Loan Participation Request. Brandon handed out documentation. These loans have been approved through the Loan Committee and are ready to be submitted to SBA.

Castlerock Excavating, Inc. – Request is for the purchase of an existing commercial real estate building for the operations of Castlerock Excavating, Inc., located at 6765 Trade Center Avenue, Billings. The company will be relocating from their current leased location to this property. The purchase will allow them better space for offices and equipment repairs and storage.

Castlerock Excavating, Inc. specializes in dirt excavation including sewer and water line installation, grading and site work, foundations and pipe bursting. They have been in operation since 2002.

The total SBA debenture will be \$375,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position behind Western Security Bank on the real property. The project meets an SBA Public Policy goal as a Woman Owned Business. There are projected to be 9 new jobs created as a result of this project.

Motion: Michael Hotaling –to approve loan for Castlerock Excavating, Inc. as presented to the Board

Second: Dennis Cook

Discussion: None

Motion Carried

Lockwood Hardware, Inc. – Purpose of this request is for the acquisition of land, new construction and FF&E financing for a new ACE Hardware store to be located in Lockwood, just off Johnson Lane. Skip King is the owner and this will be his fifth ACE store in the Billings area. Big Sky EDC has participated in SBA 504 financing on his new Zimmerman store and the Central store.

There are projected to be at least 16 new jobs created as a result of this project. The total SBA debenture is projected to be \$1,000,000 on a 20-year note comprising 40% of the total project. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property associated with the project behind First Interstate Bank.

Motion: Debbie Singer – to approve loan for Lockwood Hardware, Inc. as presented to the Board

Second: Jim Walker

Discussion: None

Motion Carried

Big Sky EDC is requesting approval from its Board of Directors to participate a portion of its repaid MT SSBCI funds. The project has been vetted through the Finance Department and meets the requirements of both its temporary relending policy and the State's SSBCI policy. Furthermore, a financial review of the borrower has been completed by both Big Sky EDC and the participating lender. The funds to be participated will be in shared first lien position with the participating lender.

Universal Athletic Services, Inc. – Requested funds are to be used for renovations to a commercial building and purchase of equipment for Universal Athletic Services, Inc. The total project costs are \$400,000, and BSEDC's portion will be \$200,000. Our loan will be participated with First Interstate Bank of Bozeman. We will be collateralized by a 1st lien position on both the real and personal property. The note will be a 7 year amortizing note with interest rate of 2.97%, fixed.

The monies are being lent utilizing the same policy as was used initially for the SSBCI funds. The request has been underwritten and approved by First Interstate Bank. The request has also been approved by BSEDC's Loan Committee.

Motion: Duncan Peete – to approve loan for Universal Athletic Services, Inc. as presented to the Board

Second: John Ostlund

Discussion: None

Motion Carried

SBDC 2016 Contract Consideration – Dena Johnson

Dena reviewed the MT Department of Commerce Small Business Contract. They have met all of their goals for 2015 and are prepared to meet the new goals given to them in 2016.

Motion: Kent Wood – to approval SBDC 2016 Contract as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion Carried

TEDD Project Update – Dianne Lehm

Dianne gave an update on the TEDD project. We are waiting for the CDBG contract which should hopefully come in today. We have a meeting on December 21st in Helena with many key folks that will go over the project going forward and discussing funding strategies.

BSTF Grant Application Request – Chad Moore/Dena Johnson

Chad stated BSEDA is seeking approval for submittal of a BSTF Job Creation grant application to the Department of Commerce on behalf of Avitus Group, Inc.

Avitus Group, Inc. (Avitus) is looking to expand their office located in the Wells Fargo Building in downtown Billings. They have grown at a steady pace over the past four years but look to triple that growth rate in the next two years.

Avitus is projecting they will add 80 to 100 net new full time employees in the next two years. The company currently occupies the 6th, 7th and 8th floor in the Wells Fargo building. To accommodate the growth, they will continue to expand within the Wells Fargo building to the 10th floor. They are currently in the process of renovating half of the 10th floor with first right of refusal on the other half as they continue to expand. They will have a new lease agreement in place for their expansion at this site.

The application would be submitted on Avitus's behalf by BSEDA requesting \$400,000 to \$500,000 in BSTF grant funds to help offset expansion costs and new lease expenses. Avitus will provide 100% match for the grant with project expenses that are incurred.

Motion: Lyle Hill – to approve the submittal of a BSTF Job Creation grant application to the Department of Commerce on behalf of Avitus Group, Inc.

Second: Sheri Nicholson

Discussion: None

Motion Carried

EDC Board Vacancies – Duncan Peete

Duncan reviewed the two biographies for replacement of EDC Board vacancies of John Hurley and Jim Walker whom are both retiring. The candidates are Michael Seppala of Western Security Bank and Jon Stepanek of KTVQ to fill the remaining terms of John Hurley and Jim Walker. If approved by the Board, the candidates will be voted on by the Member Investors.

Motion: Eric Simonsen – to approve the candidates for EDC Board vacancies as presented to the Board.

Second: Kent Wood

Discussion: None

Motion carried

Executive Director Report – Steve Arveschoug**Appointment of EDC Assistant Executive Director for 504 Program Duties**

Steve stated per the Bylaws of the EDC Steve is able to appoint an Executive Assistant Director for the purpose of signing loan documents when Steve is unavailable. Steve has appointed Brandon Berger to this position with the specific duties of executing the 504 Loan responsibilities in Steve's potential absence.

Air Service Taskforce

Steve stated he, John Brewer and Kevin with the airport met with Delta Airlines in Atlanta, GA. The purpose of the meeting was to maintain the service in Billings, MT. They are happy with the market in Billings. We provided them with our population growth potential. They will be adding a direct flight to Seattle. There are no plans for a Billings to Atlanta flight. We discussed other possibilities of direct flights. December 16th we will be meeting with American Airlines in Chicago. We need to be in front of the airlines every year so we are always in the forefront of their minds for possible flight expansions.

AEDO Report Recommendation

Steve discussed the recommendations from the AEDO Site Visit. He reviewed the changes we should make within our organization.

Public Comment: Steve introduced the new Board Members; Mike Nelson, Mark Qualman, Kathy Boelter, and Robin Rude.

Meeting adjourned at 9:02 am

Next Meeting – January 14, 2016

Respectfully submitted,

Richard Schilf, EDA Chair

Steve Arveschoug, Executive Director, Big Sky EDA-EDC

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.